

ASSEMBLY BILL

No. 2240

Introduced by Committee on Public Employees, Retirement and Social Security (Torrico (Chair), Jones, Mullin, and Negrete McLeod)

February 22, 2006

An act to amend Sections 31485.7, 31485.8, 31486.2, and 31489, and to add Sections 31486.35 and 31490.6 to, the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2240, as introduced, Committee on Public Employees, Retirement and Social Security. County employees' retirement: additional retirement credit.

Existing law, the County Employees Retirement Law of 1937, establishes noncontributory retirement plans for employees in specified counties. Retirement benefits under those plans are calculated, in part, based upon a member's years of service credit. Under existing law, if approved by the county board of supervisors, a member of those plans in the Counties of Santa Barbara and Los Angeles may receive service credit for time that would not otherwise be recognized, including prior service with another public agency, and upon payment by the member of specified contributions to the retirement fund.

This bill would additionally provide that the board of supervisors in the Counties of Santa Barbara and Los Angeles may provide that a member of a noncontributory plan may receive up to 5 years of service credit for additional retirement credit, as defined, upon payment of additional contributions prior to retirement, or in certain circumstances, within 120 days after retirement, by lump sum or by

installment payments over a period of up to 10 years and subject to other conditions, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 31485.7 of the Government Code is
2 amended to read:

3 31485.7. (a) Notwithstanding ~~anything to the any other~~
4 ~~contrary-in provision of~~ this chapter, a member who elects to
5 purchase retirement service credit under Section 31486.3,
6 31486.35, 31494.3, 31499.3, 31499.13, 31641.1, 31641.5, 31646,
7 31652, or 31658, or under the regulations adopted by the board
8 pursuant to Section 31643 or 31644 shall complete that purchase
9 within 120 days after the effective date of his or her retirement.

10 (b) This section is not operative in any county until the board
11 of supervisors, by resolution, makes this section applicable in the
12 county.

13 SEC. 2. Section 31485.8 of the Government Code is amended
14 to read:

15 31485.8. (a) Notwithstanding ~~anything to the any other~~
16 ~~contrary-in provision of~~ this chapter, a member who elects to
17 purchase retirement service credit under Section 31490.5,
18 31490.6, 31494.3, 31494.5, 31641.1, 31641.5, 31646, 31652, or
19 31658, or under the regulations adopted by the board pursuant to
20 Section 31643 or 31644 shall complete that purchase within 120
21 days after the effective date of his or her retirement.

22 (b) This section applies only to a county of the first class, as
23 defined by Section 28020, as amended by Chapter 1204 of the
24 Statutes of 1971, and Section 28022, as amended by Chapter 43
25 of the Statutes of 1961.

26 SEC. 3. Section 31486.2 of the Government Code is amended
27 to read:

28 31486.2. (a) (1) Except as otherwise provided in Section
29 31486.3 *or* 31486.35, there shall be no general members'
30 contributions under the plan created by this article.

31 (2) A member who transfers to the retirement plan created by
32 this article shall have refunded, within a reasonable period of
33 time, not to exceed nine months from the date of receipt of

1 election to transfer by the board, the member's accumulated
2 contributions, together with interest thereon, which are credited
3 to the member's account. Interest shall be credited to the June 30
4 or December 31 date, whichever is later, immediately preceding
5 the date of the refund warrant. ~~Any~~ A refund under this section
6 shall be payable to the member.

7 (3) A member who has five or more years of county service as
8 defined in subdivision (g) of Section 31486.1 may elect to leave
9 his or her contributions on deposit for service retirement benefits
10 only.

11 (b) (1) Except as provided in Sections 31486.3 and 31486.9
12 and under reciprocal provisions of this article, a member who
13 was in public service prior to becoming a member may not elect
14 to receive credit in this retirement plan for that public service
15 time, and may not receive credit for that prior public service.

16 (2) Absence from work without pay may not be considered as
17 breaking the continuity of service.

18 SEC. 4. Section 31486.35 is added to the Government Code,
19 to read:

20 31486.35. (a) An active member may elect, by written notice
21 filed with the board, to make contributions pursuant to this
22 section and to receive up to five years of service credit in the
23 retirement system for additional retirement credit, if the member
24 has completed at least five years of credited service with that
25 retirement system.

26 (b) As used in this section, "additional retirement credit"
27 means time that does not otherwise qualify as county service,
28 public service, military service, medical leave of absence, or any
29 other time recognized for service credit by the retirement system.

30 (c) Notwithstanding any other provision of this chapter,
31 service credit for additional retirement credit may not be counted
32 to meet the minimum qualifications for service retirement or for
33 purposes of establishing eligibility for benefits based on 30 years
34 of service, additional ad hoc cost-of-living benefits based on
35 service credit, health care benefits, or any other benefits based
36 upon service credit.

37 (d) A member who elects to make contributions and receive
38 service credit for additional retirement credit shall contribute to
39 the retirement fund, prior to the effective date of his or her
40 retirement, by lump-sum payment or by installment payments

1 over a period not to exceed 10 years, an amount that, at the time
2 of commencement of purchase, in the opinion of the board and
3 the actuary, is sufficient to not place any additional financial
4 burden upon the retirement system.

5 (e) No member may receive service credit under this section
6 for additional retirement credit that he or she has not completed
7 payment pursuant to subdivision (d) before the effective date of
8 his or her retirement or, if applicable, prior to the date provided
9 in Section 31485.7. Subject to the limitations of United States
10 Internal Revenue Service regulations, a member who has elected
11 to make payment in installments may complete payment by lump
12 sum at any time prior to the effective date of his or her
13 retirement.

14 (f) Sums paid by a member pursuant to this section shall be
15 considered to be and administered as contributions by the
16 member.

17 (g) This section is not operative in a county until the board of
18 supervisors, by resolution adopted by majority vote, makes this
19 section applicable in the county.

20 SEC. 5. Section 31489 of the Government Code is amended
21 to read:

22 31489. (a) Except as otherwise provided in Section 31490.5
23 *or 31490.6*, there shall be no general members' contributions
24 under the plan created by this article.

25 (b) A member who transfers to the retirement plan created by
26 this article shall have refunded, within a reasonable period of
27 time, not to exceed nine months from the date of receipt of
28 election to transfer by the board, the member's accumulated
29 contributions, together with interest thereon, which are credited
30 to the member's account. Interest shall be credited to the June 30
31 or December 31 date, whichever is later, immediately preceding
32 the date of the refund warrant. ~~Any~~ A refund under this section
33 shall be payable to the member.

34 SEC. 6. Section 31490.6 is added to the Government Code, to
35 read:

36 31490.6. (a) An active member may elect, by written notice
37 filed with the board, to make contributions pursuant to this
38 section and to receive up to five years of service credit in the
39 retirement system for additional retirement credit, if the member

1 has completed at least five years of credited service with that
2 retirement system.

3 (b) As used in this section, “additional retirement credit”
4 means time that does not otherwise qualify as county service,
5 public service, military service, medical leave of absence, or any
6 other time recognized for service credit by the retirement system.

7 (c) Notwithstanding any other provision of this chapter,
8 service credit for additional retirement credit may not be counted
9 to meet the minimum qualifications for service retirement or for
10 purposes of establishing eligibility for benefits based on 30 years
11 of service, additional ad hoc cost-of-living benefits based on
12 service credit, health care benefits, or any other benefits based
13 upon service credit.

14 (d) A member who elects to make contributions and receive
15 service credit for additional retirement credit shall contribute to
16 the retirement fund, prior to the effective date of his or her
17 retirement, by lump-sum payment or by installment payments
18 over a period not to exceed 10 years, an amount that, at the time
19 of commencement of purchase, in the opinion of the board and
20 the actuary, is sufficient to not place any additional financial
21 burden upon the retirement system.

22 (e) No member may receive service credit under this section
23 for additional retirement credit that he or she has not completed
24 payment pursuant to subdivision (d) before the effective date of
25 his or her retirement or, if applicable, prior to the date provided
26 in Section 31485.8. Subject to the limitations of United States
27 Internal Revenue Service regulations, a member who has elected
28 to make payment in installments may complete payment by lump
29 sum at any time prior to the effective date of his or her
30 retirement.

31 (f) Sums paid by a member pursuant to this section shall be
32 considered to be and administered as contributions by the
33 member.

34 (g) This section is not operative until the board of supervisors,
35 by resolution adopted by majority vote, makes this section
36 operative in the county.